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 DEVELOPMENT TRUST

UNITED STATES DISTRICT COURT  
 FOR THE SOUTHERN DISTRICT OF CALIFORNIA

JENS ERIK SORENSEN, as Trustee of SORENSEN RESEARCH AND DEVELOPMENT TRUST,  <div style="text-align: right;">Plaintiff,</div> <div style="text-align: center;">v.</div> SENCO PRODUCTS, INC., an Ohio corporation; and DOES 1 – 100,  <div style="text-align: right;">Defendants.</div> <hr/> and related counterclaims.	) Case No. 08 CV 071 BTM CAB ) ) <b>DECLARATION OF MELODY A.</b> ) <b>KRAMER OPPOSITION TO</b> ) <b>DEFENDANT’S MOTION TO STAY</b> ) <b>PENDING OUTCOME OF</b> ) <b>REEXAMINATION PROCEEDINGS</b> ) ) Date: May 16, 2008 ) Time: 11:00 a.m. ) Courtroom 15 – 5 <sup>th</sup> Floor ) The Hon. Barry T. Moskowitz ) ) <i>NO ORAL ARGUMENT</i> ) <i>UNLESS REQUESTED BY THE COURT</i>
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2 I, MELODY A. KRAMER, declare:

3 1. I am not a party to the present action. I am over the age of eighteen. I  
4 have personal knowledge of the facts contained within the following paragraphs, and  
5 could and would competently testify thereto if called as a witness in a court of law.

6 2. At all times relevant herein I have been an attorney for Sorensen  
7 Research and Development Trust ("SRDT"), Plaintiff in the above-captioned matter.

8 3. This declaration is made in support of Plaintiff's Opposition to  
9 Defendant's Motion to Stay.

10 4. Patent infringement defendant Black & Decker filed an Ex Parte  
11 Request for Reexamination of the subject '184 patent in July 2007 ("1<sup>st</sup>  
12 reexamination") and, on that basis, obtained an order staying the related case,  
13 *Sorensen v. Black & Decker Corporation, et al.*, Case No. 06cv1572 ("Black &  
14 Decker Order"). Now, nine months later, the first office action for the 1<sup>st</sup>  
15 reexamination has not yet issued, even though Plaintiff declined to file the optional  
16 patent owner's statement in order to shave approximately two months from the  
17 process.

18 5. Co-defendants in the *Black & Decker* case - Phillips Plastics and Hi-  
19 Tech Plastics – waited until December 21, 2007 to file a second third-party  
20 reexamination request ("2<sup>nd</sup> reexamination"), which the USPTO has just recently  
21 accepted.

22 6. Recently, I have accessed and analyzed annual of reports and conducted  
23 a closer analysis of USPTO data show that the current, average timeframe for  
24 conclusion of a reexamination is approximately five years, extending longer if an  
25 appeal to the Federal Circuit is sought. That closer analysis shows that the 18-23  
26 month period most recently cited by Defendants and the PTO as typical for  
27 reexamination completion is an average of all reexaminations filed in the 28 years  
28 since 1981. When one eliminates the older data and conducts the analysis only on

1 reexamination filings in more recent years, it becomes apparent that the phenomenal  
2 growth in reexamination filings since 2002 vastly exceeds the PTO's current pace for  
3 processing reexaminations. As a natural consequence, the backlog of pending  
4 reexaminations has grown to approximately a five-year supply and application  
5 growth continues to outpace all efforts by the PTO to accommodate the increased  
6 workload. This data leads to the conclusion that the current, average timeframe for  
7 completion of a reexamination filed after 2006 is approximately five years and  
8 continuing to grow. The details of my analysis are as follows.

9 7. USPTO Annual Reports contain statistics on the number of *ex parte*  
10 reexamination filings, the number of those that are known to be related to litigation,  
11 the number of *ex parte* reexaminations granted, and the total number of certificates  
12 issued. The official website contains annual reports back to 1993 which contain this  
13 statistical data back to 1989. Because each report includes data for a five-year period  
14 of time, attached hereto are true and correct copies of only the relevant portions of  
15 the reports for 2007, 2002, 1998, and 1993. These are attached herein as Exhibit A.

16 8. I imported the statistics noted above into an Excel spreadsheet and then  
17 made observations and calculations of that data. The Excel spreadsheet is attached  
18 hereto as Exhibit B, followed by a Growth of Reexamination Backlog Graph  
19 prepared from that data. By comparing the incoming reexamination filings vs. the  
20 outgoing certificates, a pattern of dramatically increasing backlog appears.  
21 Assuming a zero carryover from 1988 into the 1989 figures for which records are  
22 available, the backload of *ex parte* reexaminations has increased more than 100-fold  
23 from 1989 to the end of 2007 (from 16 to an estimated 1,658).

24 9. If the USPTO were able to keep issuing certificates at its 2007 level of  
25 367 (the highest reported number in a single year) and not have any new filings, it  
26 would still take approximately 4.5 years for the USPTO to erase the backload of *ex*  
27 *parte* reexaminations ( $1,658 \div 367$ ).

1           10. If the rate of certificate issuances were 250, the average for the past five  
2 years  $((193+138+223+329+367)/5)$ , it would take 6.6 years to erase the backlog  
3  $(1,658 \div 250)$ .

4           11. The filing of reexaminations has become an effective weapon to slow  
5 down or stop patent infringement plaintiffs. This is not only demonstrated by  
6 numerous articles recommending this strategy to infringement defendants (see  
7 Exhibit D for example), but it is also demonstrated by the USPTO's own  
8 information.

9           12. *Ex parte* reexamination requests known to be related to litigation have  
10 soared from a mere 9% in 1990 to 57% for 2007. See Exhibit B.

11           13. The PTO was already commenting on problems keeping pace with these  
12 increased litigation related filings in 2004, even though the estimated backlog was  
13 still less than 800 at the end of 2003. In early 2005, the USPTO issued a "Notice of  
14 Changes in Requirement" document (attached hereto as Exhibit C), which contains  
15 the following statement in the Background section:

16           It has been the Office's experience, however, that both patent owners  
17 and third party requesters have used a second or subsequent  
18 reexamination request . . . to prolong the reexamination proceeding, and  
19 in some instances, to turn it essentially into an inter partes proceeding.  
20 These actions by patent owners and third party requesters have resulted  
21 in multiple reexaminations taking years to conclude, thus making it  
22 extremely difficult for the Office to conclude reexamination  
23 proceedings with "special dispatch" as required by statute (35 U.S.C.  
24 305 for ex parte reexamination, 35 U.S.C. 314 inter partes  
25 reexamination).

26           14. In late 2006, this Court adopted and implemented a set of Patent Local  
27 Rules with the stated purpose of providing a predictable and uniform treatment for IP  
28 litigants and streamline the process by which a patent case is litigated, shortening the  
time to trial or settlement and thereby reducing costs for all parties involved. The  
new rules set up a schedule where a claim construction hearing would be held

1 approximately nine months after the complaint is filed, and trials set at  
2 approximately 18 months after complaints are filed.

3 15. Attached hereto as Exhibit E is a true and correct copy of an article  
4 entitled "New local rules pave way to speedier patent trials" from the San Diego  
5 Daily Transcript dated June 12, 2007. In it (at the 7<sup>th</sup> paragraph) Judge Dana M.  
6 Sabraw, who chaired the committee that established the new patent local rules, is  
7 quoted as saying: "A majority of the judges of the Southern District are firmly  
8 committed to holding claim construction hearings within nine months for the filing  
9 of the complaint, and to setting a trial date within 18 months of that filing."

10 16. The closer look at PTO data that is explained herein was prompted by  
11 information obtained directly from or related to counsel for the Black & Decker  
12 defendants. The February 2008 issue of the San Diego Intellectual Property Lawyers  
13 Association ("SDIPLA") contained a reference to a newsletter from Hal Wegner,  
14 partner at Foley & Lardner, the law firm representing Black & Decker case  
15 defendants Phillips Plastics and Hi-Tech Plastics. The reference states as follows:

16 The 1/5/08 email states that today the average ex parte reexamination  
17 takes about 5 years (vs. the PTO's claim that it takes 2 years). If an  
18 appeal to the CAFC is involved, that extends the period to 7.7 years.

19 17. The fact of lengthy reexaminations is also well known to the Niro  
20 Scavone firm that represents Black & Decker. The oft-reported U.S. Patent No.  
21 5,253,341 "JPEG patent," owned by a client of Niro Scavone, emerged from a seven-  
22 year reexamination just days prior to the filing of Black & Decker's reexamination  
23 request of the '184 patent. It appears that a new reexamination has just been allowed  
24 of that same JPEG patent. A true and correct copy of Niro Scavone's brief on the  
25 issue is attached hereto as Exhibit F.

26 DATED this Wednesday, April 16, 2008.

27 /s/ Melody A. Kramer

28 Melody A. Kramer, Esq.